

IRS News Release

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IRS Issues Proposed Regulations on New Basis Reporting Requirement; For Investors, Reporting Gains and Losses Gets Easier Starting in 2011

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The Internal Revenue Service today issued proposed regulations under a new law that will require reporting of basis and other information by stock brokers and mutual fund companies for most stock purchased in 2011 and all stock purchased in 2012 and later years. The reporting will be to investors and the IRS. This additional reporting will be optional for stock purchased prior to these dates.

“This important reporting change will improve tax compliance while reducing the recordkeeping and paperwork burden for millions of investors,” said IRS Commissioner Doug Shulman. “These taxpayers will now receive the information they need to more easily report their gains and losses correctly.”

These proposed regulations, posted today on the Federal Register, implement a provision in the Energy Improvement and Extension Act of 2008. Among other things, the proposed regulations describe who is subject to this reporting requirement, which transactions are reportable and what information needs to be reported. They also provide numerous examples.

The IRS also released for comment [a draft version of the 2011 Form 1099-B](#), Proceeds from Broker and Barter Exchange Transactions, that stock brokers and mutual fund companies will use to make these expanded year-end reports. Form 1099-B, long used to report sales prices, will be expanded in 2011 to include the cost or other basis of stock and mutual fund shares sold or exchanged during the year. The expanded form will also be used to report whether gain or loss realized on these transactions is long-term (held more than one year) or short-term (held one year or less), a key factor affecting the tax treatment of gain or loss. The expanded Form 1099-B, to be first used for calendar-year 2011 sales, must be filed with the IRS and furnished to investors in early 2012.

The IRS welcomes comments on these proposed regulations and the draft 2011 Form 1099-B. Comments must be received by February 8, 2010 and may be submitted electronically, by mail or hand delivered to the IRS. A public hearing is scheduled for February 17, 2010, at the IRS New Carrollton Federal Building, 5000 Ellin Road, Lanham, Maryland 20706. The proposed regulations provide details on submitting comments or participating in the public hearing.

The IRS will work closely with stakeholder groups to ensure a smooth implementation of this new program.